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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 000979

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FOR NEA/ARP, NEA/I

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TAGS: [ECON](#) [ETRD](#) [EINV](#) [IZ](#) [KU](#)

SUBJECT: KUWAITI FIRMS ASK OSD TASK FORCE FOR HELP IN
SECURING LAND RIGHTS FOR IRAQI INVESTMENTS

REF: KUWAIT 218

Classified By: Ambassador Richard LeBaron for Reasons 1.4 (b) and (d).

11. (C) Summary: On June 21, Robert Love of OSD's Task Force to Support Business and Stability Operations (TFBSO) in Iraq met with several Kuwaiti firms to encourage ongoing and new business ventures in Iraq. United International Holding, which owns two banks in Iraq and has built at least one hotel in Najaf, would be interested in the proposal to build a hotel at Baghdad airport pending confirmation that the land lease has been approved by the GOI. The Al-Homaizi Group, which is considering opening fast food outlets in Kurdish areas of Iraq, asked Love for help in convincing Burger King Corporation that such investments come with acceptable levels of risk. Global logistics giant Agility reiterated the company's commitment to the private sector initiative and said Agility is particularly keen to move ahead with a scrap metal initiative near Balad and processing facility near Um Qasr, for which it asked Love's assistance in securing land lease approval. End Summary.

Keen on BIAP Hotel, But Concerned About Land Rights

12. (C) On June 21, Robert Love, Director Industry Revitalization for the OSD Task Force to Support Business and Stability Operations (TFBSO) in Iraq, re-engaged several Kuwaiti firms operating or considering business in Iraq to follow-up on February and March 2007 discussions (reftel). United Investment Holding's (UIH) Investment Manager Yasser Al-Jaafar noted that UIH has invested in two Iraqi banks -- Mosul Bank in Sulaimaniya and Union Bank of Iraq, which is set to open by the end of June in Irbil. The GOI has approved Union Bank of Iraq branches in Najaf and Karbala, continued Al-Jaafar, but UIH will wait and see how successful the first branch in Irbil is before proceeding with others. Al-Jaafar said these banks are staffed with Iraqis of mixed sectarian backgrounds and noted that UIH has invested in a training center to teach bank employees how to promote banking services to the large number of Iraqis who have historically avoided banks.

13. (C) Love pitched to UIH an initiative to build a four or five star hotel (minimum of 100 beds) at Baghdad International Airport (BIAP), which he argued would provide a secure location for foreign firms to hold meetings with Iraqi businesspeople. Love argued that the ability to fly in and meet at the airport, avoiding the prospect of traveling into Baghdad, would make the prospect of doing business in Iraq more palatable to foreign businesspeople. UIH's Managing Director Abdul Mohsin Hayat said UIH would be interested in building the hotel, but would need a secure lease on the land

before proceeding. Once the land is secured, he said, UIH could design the hotel, work out a debt/equity capitalization structure, and look for an operating company. Love agreed that the task force will look into the feasibility of such a lease.

BK Corporate Needs a Push on New Restaurants in Kurdistan

14. (C) Joe Petrusich, Vice President of Al-Homaizi Group, said his company is looking seriously at opening fast food franchises in Kurdish areas of Iraq. Al-Homaizi holds the rights to Burger King and Pizza Hut in Iraq, and currently operates these chains on U.S. military bases but not in Iraqi areas. Petrusich said that although the Al-Homaizi Group is concerned about Turkish intentions in northern Iraq, the company is ready to open the restaurants. However, Petrusich said Burger King Corporation has a few business concerns that must be addressed. Petrusich asked Love to write a letter to Burger King urging them to approve the restaurants, which Love agreed to do immediately.

Agility Ready for Scrap Processing, Needs Help With Land

15. (C) Agility Government Affairs CEO Toby Switzer said Agility supports the Task Force to Support Business and Stability in Iraq and sees supporting it as an act of corporate citizenship. He said Agility has opened two offices in Kurdistan and recently contracted to buy 120 trucks from an Iraqi assembly plant in Iskandariya. Switzer said Agility is very keen to start processing scrap metal, a project the task force first proposed in February. Due to a CPA-era law banning the export of Iraqi scrap, this

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initiative will only apply to non-hazardous U.S. military scrap. Agility would work closely with Iraqi firms to establish a processing center that would employ Iraqis. Iraqis would process scrap for export but would not have ownership, thereby remaining within the dictates of the CPA law. Switzer said Agility wants to have a staging area near Um Qasr, but has been unable to secure rights to the land from the local governor. Love said the task force will provide assistance working with the GOI, Multi National Force Iraq, Multi National Corps Iraq, and other USG entities as appropriate, to secure the land and operating space.

16. (U) This message was cleared by Robert Love.

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LeBaron